

Agency Activity Inventory by Agency

Appropriation Period: 2003-05 Activity Version: 2004 Sup w/ Alloc & Activities

Agency: 124 - Department of Retirement Systems

Administration

Agency management activities include executive leadership, budget, fiscal and legal services, policy and planning support to the Governor on pension issues, personnel, and other administrative support services. Authority for DRS is established by RCW 41.50.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$1,955,000	\$0	\$1,955,000	23.9	\$1,967,000	\$0	\$1,967,000	23.9

Expected Results:

Comply with federal and state statutes, as well as fiduciary responsibilities. Maintain administrative costs at an amount that is lower than those for other public pension systems in the United States; given complexity, volume, service levels, and the cost environment.

Deferred Compensation Management for Public Employees

The Deferred Compensation Program (DCP) enables eligible public employees to defer a portion of their earnings under a series of before-tax investment plans until retirement or termination of public employment. Currently, the program has nearly \$1.4 billion in assets and serves more than 43,000 employees of state government, higher education, and political subdivisions. Disbursements for Fiscal Year 2002 were \$77 million, with deferrals for the same fiscal year totaling \$119 million. (This activity also includes a supplemental retirement program serving more than 190 judges.) Authority for the Deferred Compensation Plan is contained in RCW 41.50 and Section 457 of the Internal Revenue Code, while authority for the Judges program is contained in RCW 2.12.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$1,841,000	\$0	\$1,841,000	19.9	\$1,862,000	\$0	\$1,862,000	19.9

Expected Results:

Increase participation in the program. Implement program changes necessitated by changes in federal law. Maintain low administrative fees. Maintain high participant satisfaction, as measured by an annual survey. Maintain industry standard record keeping for DCP participants. Maintain program compliance with federal law.

Dependent Care Program Management for Public Employees

This program enables eligible employees to set aside a before-tax portion of their compensation for reimbursement of their dependent care expenses. It is presently serving more than 1,100 public employees, with deferrals totaling \$4.6 million this past year. Authority for the program is provided by RCW 41.04.610 and Section 125 of the Internal Revenue Code.

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Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

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FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$184,000	\$0	\$184,000	2.5	\$204,000	\$0	\$204,000	2.5

Expected Results:

Maintain participation levels. Maintain program compliance with federal law.

Employer Support Services

This activity contains the unit responsible for conducting field audits of and providing training to nearly 1,300 public employers, assuring their compliance with state laws and regulations. The Employer Support Services Unit also receives and processes essential member information submitted by the public employers. Authority for DRS is established by RCW 41.50.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$1,663,000	\$0	\$1,663,000	25.0	\$1,684,000	\$0	\$1,684,000	25.0

Expected Results:

Obtain timely and accurate member contribution and service credit information from employers. Maintain high satisfaction ratings from employers, as measured by an annual survey.

LEOFF 2 Board Activities

This activity contains the estimated cost to DRS for implementation of Initiative 790, which created a Board of Trustees for Plan 2 of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System. Actual costs are to be reimbursed by the board. Authority for the board is provided by RCW 41.26.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$893,000	\$0	\$893,000	5.0	\$785,000	\$0	\$785,000	5.0

Expected Results:

Provide timely and accurate information to the board.

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One-Time Projects

This activity contains the one-time costs associated with legislative projects approved and funded in the 2003 Session, as well as the remaining one-time funding to complete "backfile" imaging of historical member files. It is anticipated that these project funds will be removed in the carry-forward level calculation for the 2005-07 Biennium.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$2,522,000	\$0	\$2,522,000	1.6	\$739,000	\$0	\$739,000	2.2

Expected Results:

Implement projects on time and within budget.

Retirement Customer Services

The Department of Retirement Systems (DRS) serves over 525,000 active, retired, and inactive members of the Public Employees', School Employees', Teachers', Law Enforcement and Firefighters', Washington State Patrol and Judicial retirement systems. These services include determining eligibility for retirement, educating and counseling prospective retirees, processing disability and death adjustments, and computing retirement benefits, deductions, and benefit adjustments. Authority for administering the retirement systems is established in RCW 2.10, 2.12, 41.26, 41.32, 41.34, 41.40, and 43.43. DRS must also conform to legislative mandates established in RCW 28.B10, 41.44, 41.45, 41.54, and 44.44.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$7,229,000	\$0	\$7,229,000	110.4	\$6,975,000	\$0	\$6,975,000	113.4

Expected Results:

Provide benefit services that are a constitutionally-guaranteed contract between members and the state. Provide prompt service to members, as measured by responsiveness to: walk-in customers, phone calls, and correspondence. Maintain high member satisfaction, as measured by an annual survey.

Retirement Information Systems

DRS receives and manages essential information and records for members and retirees. Information services support includes database management, systems development, electronic communications support, system maintenance and troubleshooting, data collection and processing, and disbursement processing. Authority for DRS is established by RCW 41.50.

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Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$7,307,000	\$0	\$7,307,000	60.1	\$6,755,000	\$0	\$6,755,000	60.2

Expected Results:

Maintain accurate and efficient pension systems. Secure member information and data. Complete timely and accurate programming associated with legislatively mandated benefit changes, and implementation of new plans.

Trust Fund Accounting

DRS administers retirement benefits for state and local government employees. At the end of Fiscal Year 2002, the pension trust funds contained \$41 billion in assets, with employer and member contributions for the year totaling nearly \$700 million, and disbursements exceeding \$1.6 billion to more than 109,000 retirees each month. This activity contains the costs associated with all phases of accounting for the pension/trust funds, from collection of contributions to withdrawals and monthly pension disbursements, to IRS reporting. Authority for DRS is established by RCW 41.50.

Statewide Result Area: Improve the ability of State Government to achieve its results efficiently and effectively

Category: Operate state business enterprises

FY 2004				FY 2005			
Total	GFS	Other	FTEs	Total	GFS	Other	FTEs
\$2,554,000	\$0	\$2,554,000	21.9	\$2,552,000	\$0	\$2,552,000	21.9

Expected Results:

Provide timely and accurate pension payments to retirees, and accurate reporting to the Internal Revenue Service. Maintain industry standard record keeping for members participating the Public Employees', School Employees' and Teachers Retirement Systems Plan 3's.
